

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

QCR Holdings, Inc.

Point of Contact:	John R. Oakes, VP-Controller	RSSD: (For Bank Holding Companies)	2125813
UST Sequence Number:	287	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	38,237,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February 13, 2009	City:	Moline
Date Repaid <sup>1</sup> :	N/A	State:	Illinois

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Our participation in TCPP continued to enhance our ability to support the existing communities we serve during 2010. Although economic conditions continued to weaken demand resulting in a net decline in loans, we originated \$382.3 million of new loans to new and existing customers.

☐ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

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☒ **Increase securities purchased (ABS, MBS, etc.).**

Our securities portfolio increased \$54.3 million during 2010. The growth consisted largely of U.S. government sponsored agency securities. These investments enhanced our liquidity position and, in turn, our ability to fund additional loans/leases within the communities we serve.

☒ **Make other investments.**

Upon receipt in February 2009, we injected all of the CPP funds as capital into our three subsidiary banks. This allowed for increased liquidity and enhanced ability to serve the lending needs of the communities we serve. No other investments were made with CPP funds during 2010.

☒ **Increase reserves for non-performing assets.**

In accordance with Generally Accepted Accounting Principles (GAAP) and as a result of the continued economic challenges facing our communities, we increased our specific reserves for non-performing assets during 2010.

☐ **Reduce borrowings.**

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☒ **Increase charge-offs.**

In accordance with GAAP and as a result of the continued economic challenges facing our communities, our charge-offs were elevated in 2010 compared to levels realized before receipt of CPP funds.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☒ **Held as non-leveraged increase to total capital.**

We were able to use the CPP funds to further strengthen our capital position at the Company and all three subsidiary banks. With the enhanced capital position, we were able to better serve our communities in 2010, and assure our various stakeholders that we would survive the financial crisis.

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We were able to avoid raising the additional capital necessary to retain and enhance our ability to serve our existing and new customers. The efficiency and consistency of the capital markets for companies of our size appeared questionable during the time of application for CPP funds, and continued to appear questionable during 2010. Further, the capital infusion of CPP funds allowed us to avoid significantly reducing our lending/leasing activities which enabled us to continue to support our communities.

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The capital infusion of CPP funds allowed our Company to continue to lend/lease during these challenging economic times. During 2010, we were able to originate \$382.3 million of new loans/leases to new or existing customers within the communities we serve. Specifically, we originated \$104.6 million of commercial and industrial loans, \$92.7 million of commercial real estate loans, \$25.4 million of direct financing leases, \$134.7 million of residential real estate loans, and \$25.0 million of installment and other consumer loans.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

See above.